



Background Briefing

Department of Human Services

Fiscal Analysts:

**Bob Schneider
Kevin Koorstra**

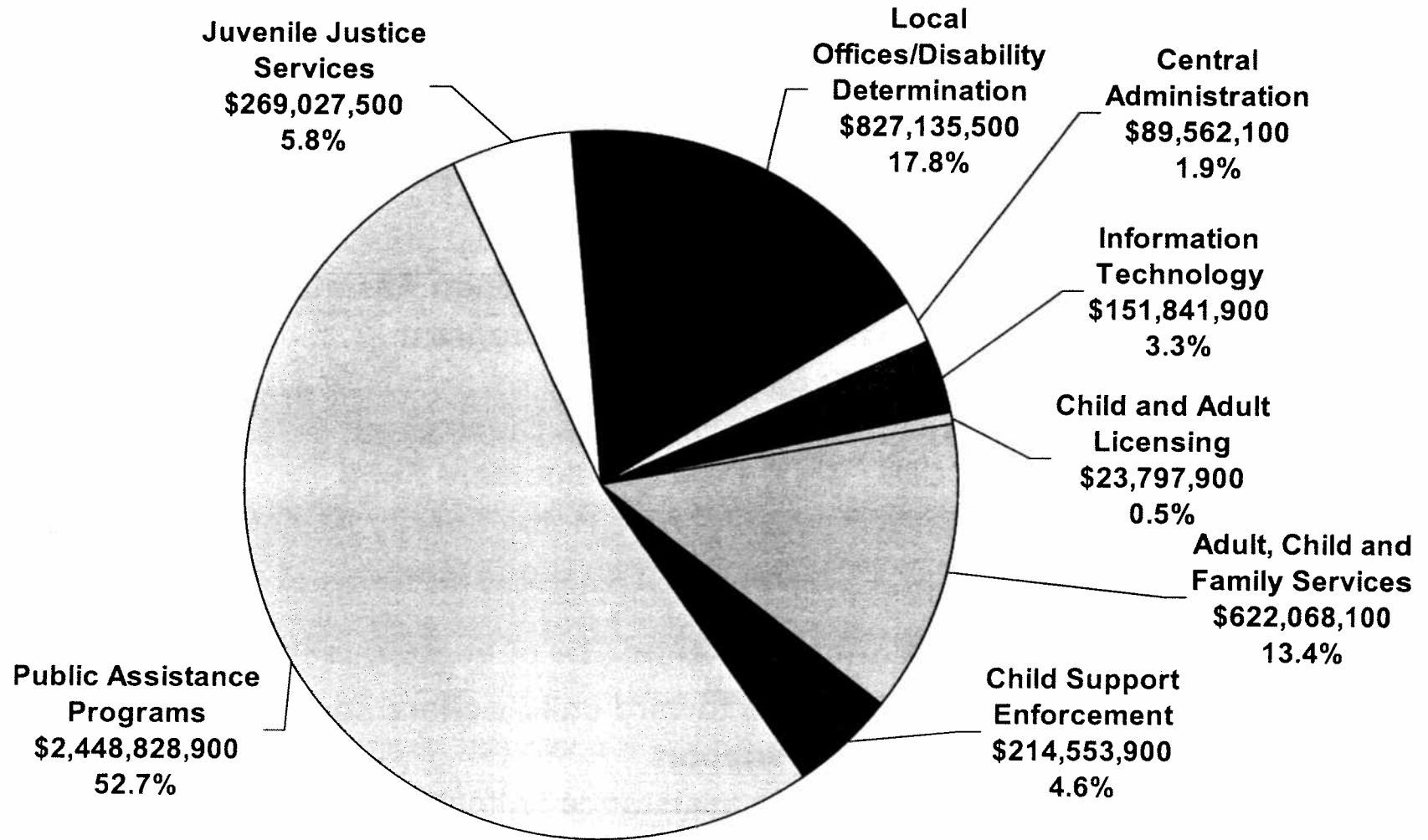
February 25, 2009

Human Services Spending

- **Five major spending categories:**
 - **Public Assistance:** cash and non-cash assistance to individuals in need (includes Family Independence Program, State Disability Assistance, Food Assistance, Child Day Care, and Emergency Services)
 - **Adult, Child and Family Services:** foster care services, adoption support, protective and prevention services
 - **Child Support Enforcement:** establish, enforce, collect and distribute child support payments
 - **Child and Adult Licensing:** license day care, adult foster care, and child welfare facilities
 - **Juvenile Justice Services:** care and support for delinquent state wards referred to DHS by the courts

DHS Gross Appropriations by Category

FY 2008-09 Total = \$4,646,815,800

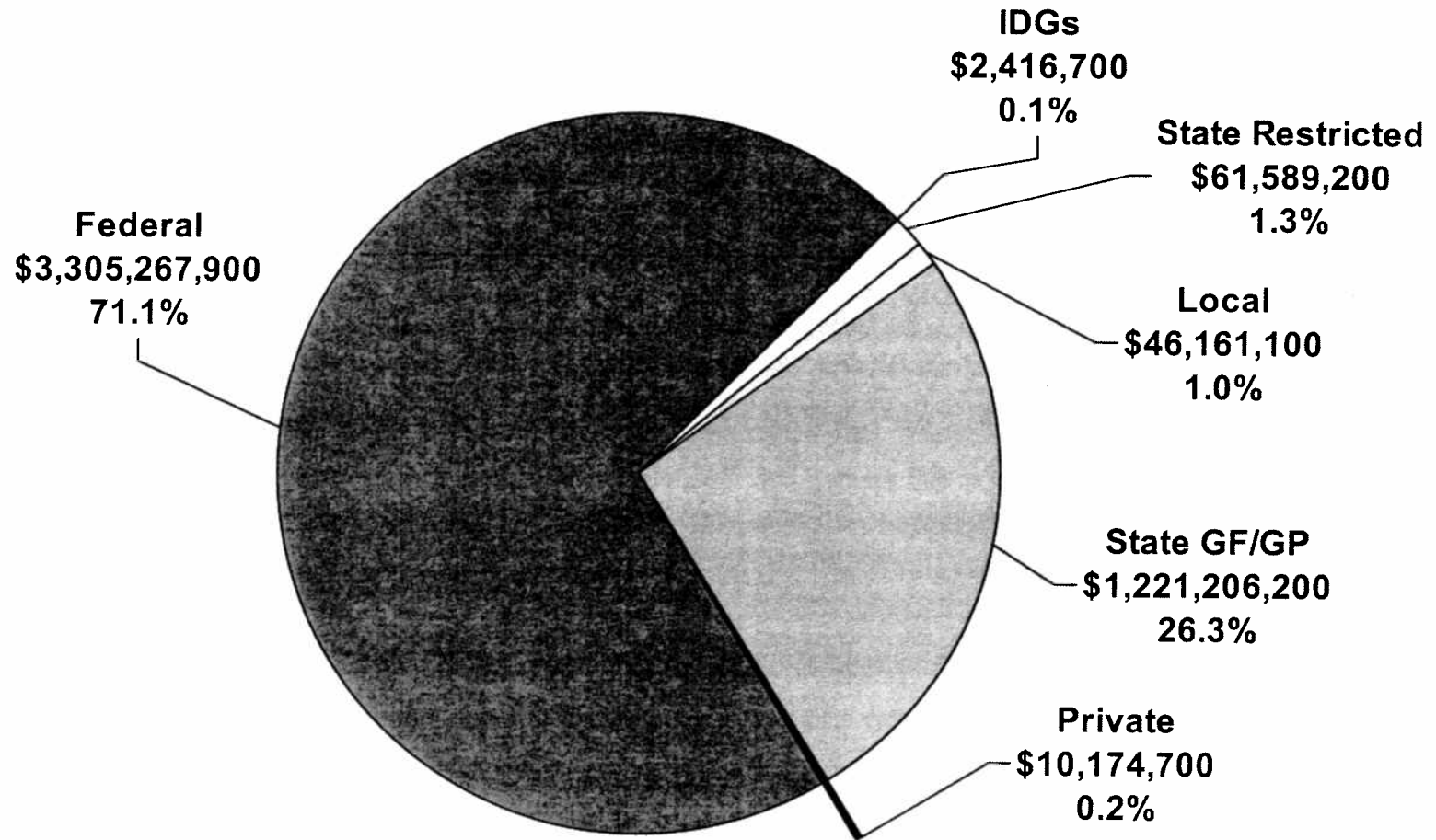


Human Services Revenue

- **FY 2007-08 DHS budget = \$4.6 billion; roughly 26% is GF/GP**
- **About 71% of DHS revenue is federal**
 - **Food Assistance Program**
 - **Temporary Assistance for Needy Families (TANF)**
 - **Other major federal sources**
 - **Title IV-E: Foster Care/Adoption Assistance**
 - **Title IV-D: Child Support Program**
 - **Title XIX: Medicaid**
 - **Title XX: Social Services Block Grant**
 - **CCDF: Child Care Development Fund**
 - **LIHEAP: Low-Income Home Energy Assistance Program**
 - **SSBG: Social Services Block Grant**
- **Local and restricted revenue (2% of budget) includes:**
 - **County payments toward child welfare services**
 - **Retained child support**
 - **Recouped public assistance collections**

Human Services Revenue Sources

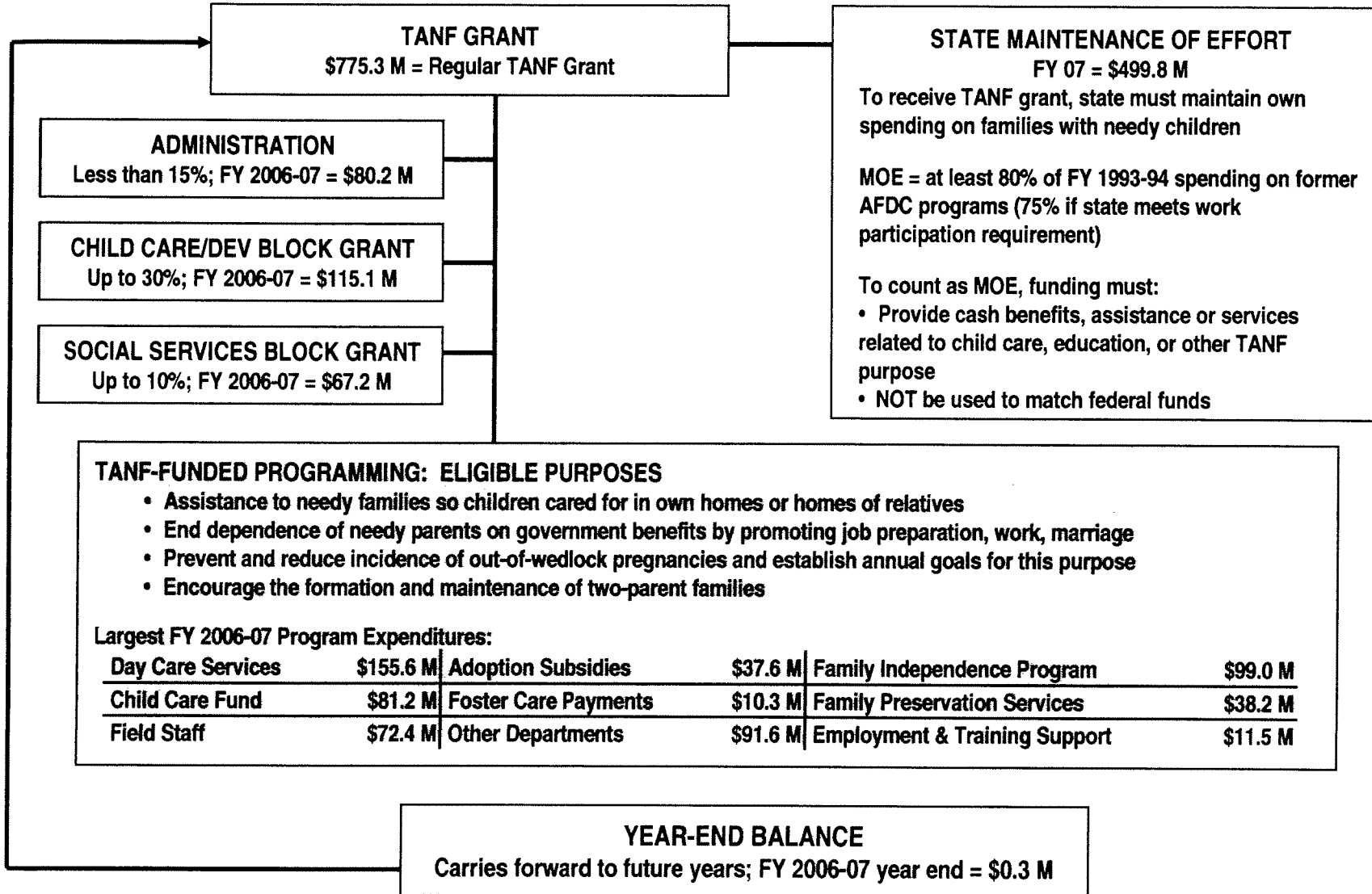
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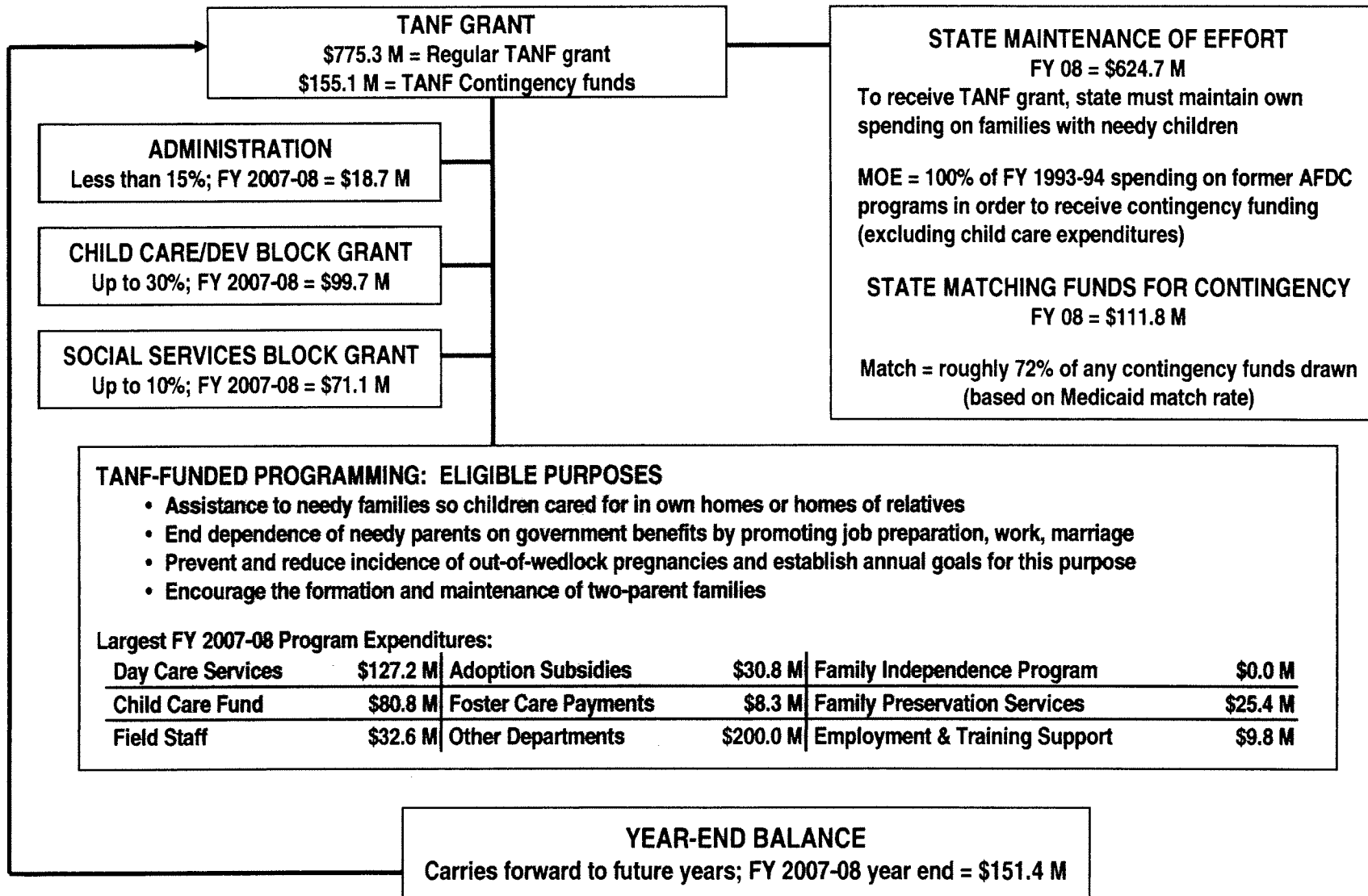
Temporary Assistance for Needy Families

- Block grant established in 1996 by federal welfare reform legislation (replaced former Aid to Families with Dependent Children)
- State family assistance grants can be used to assist families with minor children or pregnant women
- State plan must outline:
 - Details of cash assistance program for needy families
 - Work requirements for parents (apply, at the latest, after 24 months of receiving assistance)
 - Plan to comply with work participation requirements (certain % of TANF caseload must be in work activities or state faces penalties; credit for reduced caseloads means reduces required % for many states, including Michigan)
- Lifetime limit of 60 months TANF assistance for recipients with 20% hardship exemption
 - States allowed to use their own funds to negate time limit
 - Michigan recently set a 48-month state time limit on assistance, but with various exemptions
- In FY 2008, Michigan also received \$155.1 million in TANF contingency funds available to “needy states”

Overview of FY 2007 TANF Funding



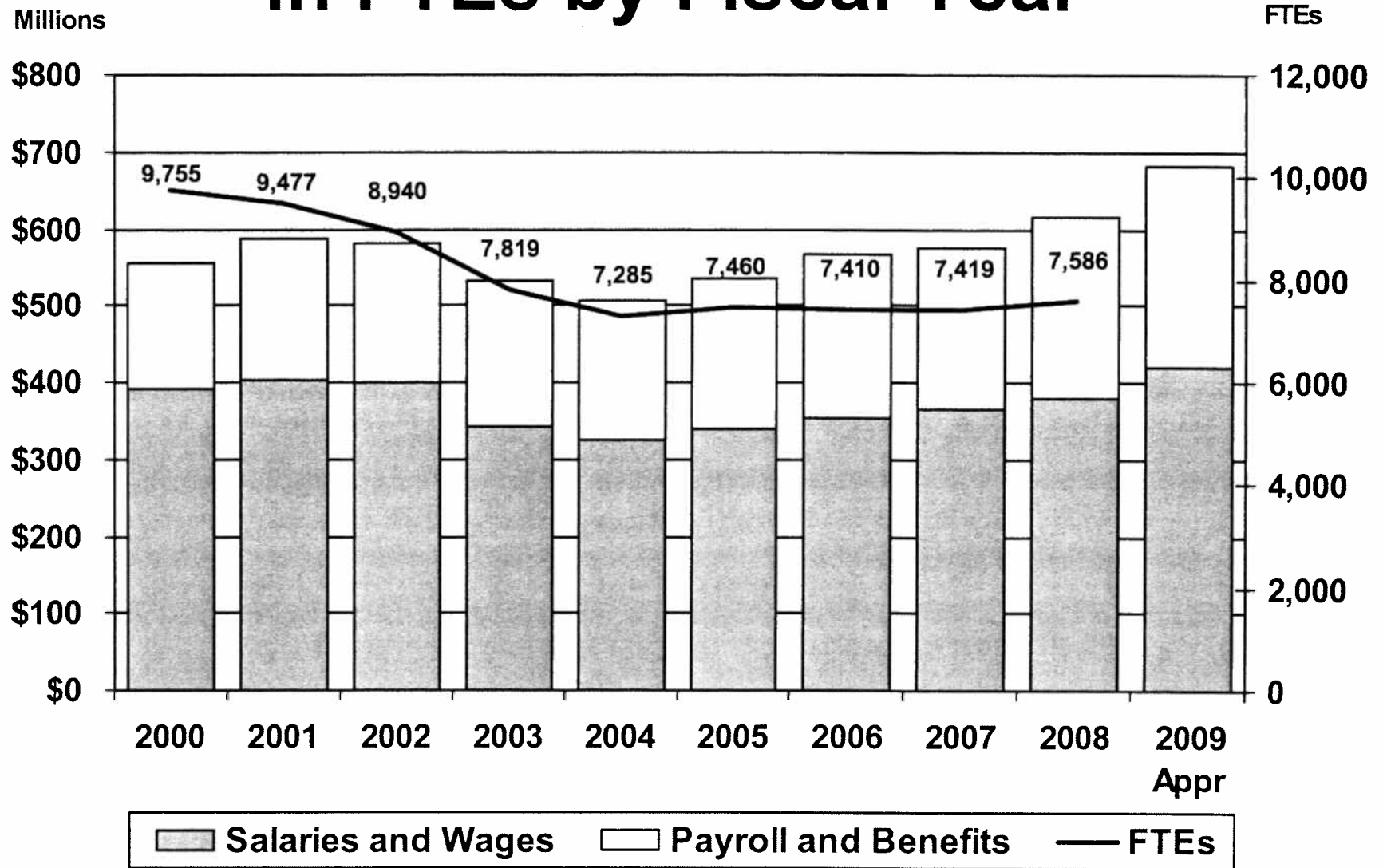
Overview of FY 2008 TANF Funding



Federal TANF Program Reauthorization

- **Budget Reconciliation Act of 2006 reauthorized TANF through FY 2009-10**
- **Major provision of Act increased effective “work participation requirements” for all states: states must engage at least 50% of TANF cash assistance cases in minimum levels of work activities to avoid federal penalties**
 - **Prior to reauthorization, states received “caseload reduction credit” for decreases in welfare caseloads from FY 1994-95 levels**
 - **Credit effectively reduced Michigan’s work requirement to 0% as Michigan’s caseload dropped sharply in the late 1990s**
 - **New caseload reduction credit is now linked to FY 2004-05 caseload level, effectively restoring the 50% participation rate requirement beginning in FY 2006-07**
 - **Michigan’s caseload reduction credit reduced target rate to 44.3% for FY 2006-07; current participation rate is just over 30%**
- **Budget includes funds for Jobs, Education and Training (JET) program aimed at increasing work participation levels**

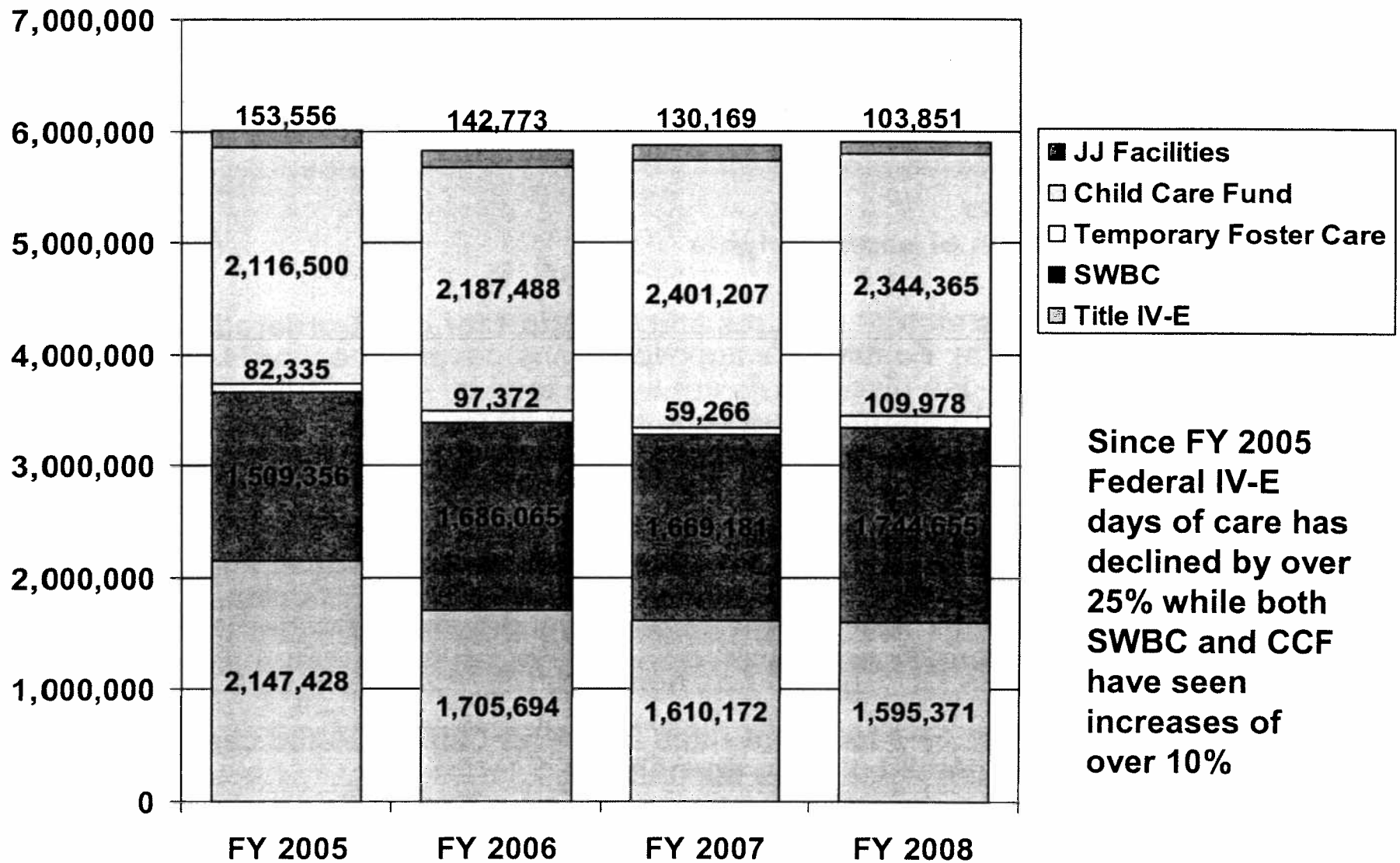
Field Staff Spending and Change in FTEs by Fiscal Year



Out-of-Home Placements

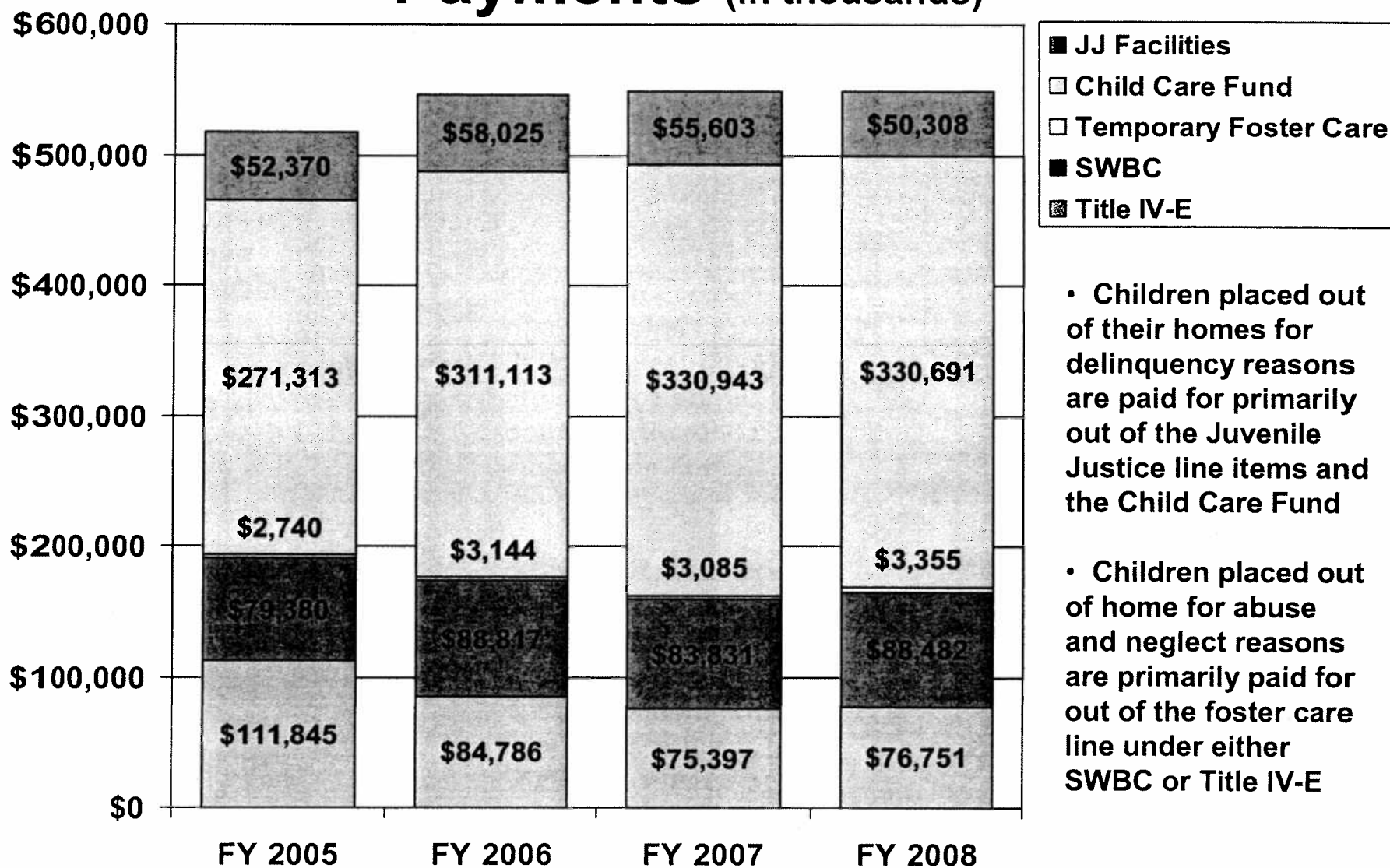
- **Purpose:** Provides for placement and supervision of children who cannot remain in their own homes due to one or more of the following:
 - Family's inability or unwillingness to provide minimal care and supervision
 - Safety concerns brought on by serious abuse or neglect
 - Delinquency
 - Termination of parental rights
- **Eligibility:** State statute requires state support for court-ordered foster care placements; Foster care appropriations cover state wards as well as court wards whose placements are supervised by DHS; Child care appropriations reimburses the counties for 50 percent of their eligible costs for children supervised by the courts
- **Federal TANF law** requires states to administer a foster care program to be eligible for federal Title IV-E funds; Each out-of-home placement is eligible for Title IV-E funding if the placement meets federal court order requirements and former AFDC income eligibility of \$9,300 to \$10,800 depending on county of residence and qualification of a child care credit
- **State sets foster care payment rates** for foster families, child care institutions, and child placing agencies.

Out-of-Home Placements: Days of Care



Since FY 2005
Federal IV-E
days of care has
declined by over
25% while both
SWBC and CCF
have seen
increases of
over 10%

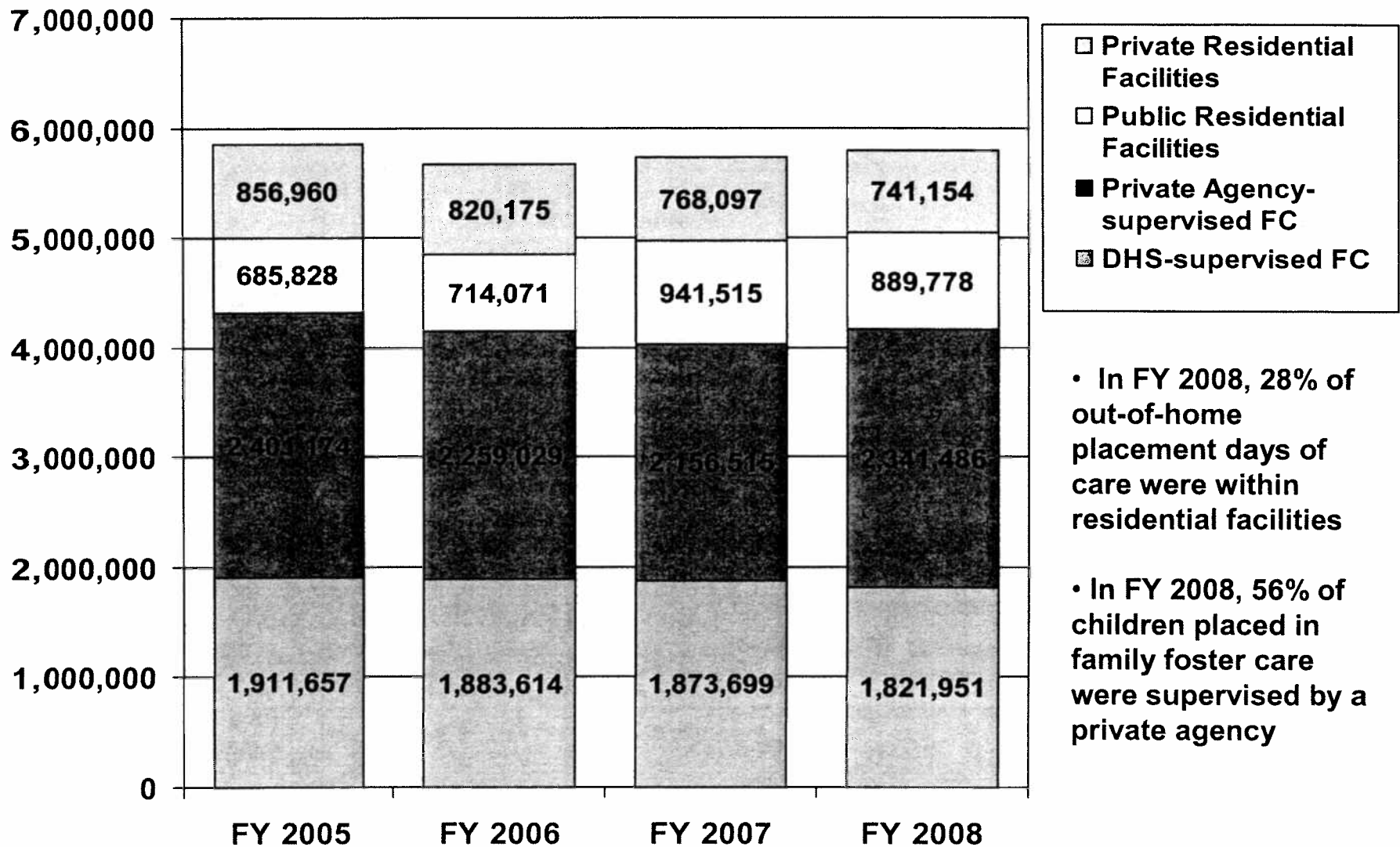
Out-of-Home Placements: Total Payments (in thousands)



- Children placed out of their homes for delinquency reasons are paid for primarily out of the Juvenile Justice line items and the Child Care Fund

- Children placed out of home for abuse and neglect reasons are primarily paid for out of the foster care line under either SWBC or Title IV-E

Out-of-Home Placements: Days of Care Publicly Run vs. Privates Agencies



- In FY 2008, 28% of out-of-home placement days of care were within residential facilities

- In FY 2008, 56% of children placed in family foster care were supervised by a private agency

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373-8080

DHS Budget Summary for FY 2009

	Gross Appropriation	GF/GP Appropriation
CENTRAL ADMINISTRATION		
Executive Operations	\$89,562,100	\$34,303,800
Central Support Accounts	\$33,698,800	\$12,957,600
	\$55,863,300	\$21,346,200
LOCAL OFFICE OPERATIONS AND STAFF		
Local Office Staff and Operations	\$827,135,500	\$302,826,200
Disability Determination Services	\$476,854,000	\$195,380,900
Central Support: Payroll Taxes/Fringe Benefits/Travel	\$86,544,500	\$2,826,700
	\$263,737,000	\$104,618,600
PUBLIC ASSISTANCE PROGRAMS		
Program Administration	\$2,448,828,900	\$446,098,400
Public Assistance Programs	\$20,176,800	\$10,510,000
Food Assistance Program Benefits		
Day Care Services	\$1,221,340,900	\$0
Family Independence Program	\$370,516,400	\$106,302,000
Low-Income Home Energy Assistance Program	\$337,299,600	\$197,580,800
State Supplementation	\$239,073,300	\$0
Emergency Services Programs	\$59,480,800	\$59,480,800
State Disability Assistance Payments	\$41,812,000	\$24,933,200
Refugee Assistance Program	\$35,233,600	\$25,405,300
Community Action and Economic Opportunity	\$12,703,700	\$0
Weatherization Assistance		
Community Services Block Grants	\$18,418,700	\$0
Adult and Family Services	\$26,818,000	\$0
Employment and Training Support Services		
Nutrition Education (MSU)	\$37,755,100	\$21,686,300
Crisis Prevention/ Elder Law Food for Elderly Project	\$28,000,000	\$0
	\$200,000	\$200,000
ADULT, CHILD AND FAMILY SERVICES	\$622,068,100	\$196,260,600
Adult, Child and Family Services Administration	\$8,835,800	\$2,136,100
Adult, Child and Family Services Programs		
Adoption Subsidies and Support		
Foster Care	\$249,000,900	\$100,989,700
Family Preservation and Prevention Services	\$218,194,700	\$82,399,900
Domestic Violence/Rape Prevention	\$61,927,200	\$0
Youth in Transition Programs	\$17,373,700	\$672,900
Early Childhood Investment Corporation	\$15,491,800	\$2,858,700
Subsidized Guardianship Program	\$14,823,000	\$200,000
Teenage Parent Counseling	\$4,575,000	\$4,575,000
Children's Trust Fund Grants	\$3,816,800	\$25,500
Fatherhood Initiative	\$3,825,100	\$0
Marriage Initiative	\$1,725,000	\$0
Guardian Contract	\$2,475,000	\$0
Communities in Schools	\$600,000	\$141,100
Black Child and Family Institute	\$200,000	\$200,000
Executive Operations	\$100,000	\$100,000
Michigan Community Service Commission		
Demonstration Projects	\$9,741,100	\$1,312,600
	\$9,363,000	\$649,100

CHILD SUPPORT ENFORCEMENT PROGRAMS**Child Support Enforcement**

Child Support Enforcement Operations
Legal Support Contracts
State Disbursement Unit
Child Support Incentive Payments

\$214,553,900**\$25,440,300**

\$23,881,800
\$139,753,600
\$18,508,900
\$32,409,600
\$7,540,800
\$1,613,400
\$6,716,100
\$9,570,000

JUVENILE JUSTICE PROGRAMS**Juvenile Justice Services**

High Security Juvenile Services
Medium Security Juvenile Services
Community Juvenile Justice Centers
Juvenile Justice Administration
Child Care Fund
Juvenile Accountability Incentive Block Grant
County Juvenile Officers
Community Support Services
Committee on Juvenile Justice grants

\$269,027,500**\$154,932,400**

\$17,005,100
\$19,326,400
\$2,691,700
\$5,901,600
\$212,418,800
\$1,297,900
\$3,890,500
\$1,495,500
\$5,000,000
\$7,637,000
\$8,669,000
\$1,197,200
\$3,337,200
\$128,862,400
\$88,600
\$3,645,500
\$1,495,500
\$0

BUREAU OF CHILDREN & ADULT LICENSING**\$23,797,900****\$7,924,200****INFORMATION TECHNOLOGY**

Information Technology
Child Support Automation

\$151,841,900**\$53,420,300**

\$102,044,200
\$49,797,700
\$41,711,200
\$11,709,100

DEPARTMENT TOTAL APPROPRIATIONS**\$4,646,815,800****\$1,221,206,200**